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HD **BC NDP to set conditions for LNG companies looking to do business in province; Government focusing on environmental responsibility as it contacts proponents amid fallout from cancelled Petronas terminal**
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VANCOUVER --

British Columbia's new Environment Minister says his government will increase the environmental obligations for LNG companies that want to do business in the province. At the same time, the energy minister is contacting proponents in the sector after Petronas cancelled its plans for a multibillion-dollar LNG terminal that was to provide thousands of jobs.

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On Tuesday, the Malaysian energy giant cancelled its plans for an \$11.4-billion LNG terminal on the B.C. coast, citing market conditions. Critics of the new NDP government have blamed its reservations about the environmental impact and economic potential of liquefied natural gas for the Petronas decision – a suggestion the company rejected.

Energy Minister Michelle Mungall's job description letter includes a directive to conditionally nurture the sector based on four criteria: a "fair return" for the province, accommodation of First Nations' interests, protection of the environment, and guarantees of jobs and training for British Columbians.

On Wednesday, the energy ministry said in a statement that Ms. Mungall's conversations since the Petronas announcement with the proponents of other possible LNG projects in B.C. "were positive, and companies remain engaged in pursuing export opportunities in B.C."

Still, Environment Minister George Heyman, a long-time opponent of fracking and a former executive director of the Sierra Club BC, made plain that the NDP's support for the LNG industry comes with the four new conditions.

"I think, as a government, we want to focus on a broad diversified modern economy. If LNG fits in there in some measure, that's good. But it's not the only option available to British Columbians," said Mr. Heyman, adding that he is focused on implementing a climate-action plan and meeting carbon-reduction targets in a way that helps British Columbia's economy grow.

"We will not have a single-minded focus. We want to have a broad focus that neither excludes one sector nor focuses disproportionately on it," Mr. Heyman said.

It's a far cry from the enthusiasm of Christy Clark's Liberal government, which Mr. Heyman and other NDP members said wooed Petronas by abandoning climate concerns and a commitment that jobs created by the project would not include temporary foreign workers.

Mr. Heyman suggested Petronas made its decision long before the May provincial election, and the subsequent uncertainty about whether the BC Liberals or NDP would govern. The NDP and BC Green Party recently ousted the Liberals in a confidence vote, and the Lieutenant-Governor asked the NDP to form a government.

Mr. Heyman's mandate letter from Mr. Horgan includes a request to work with the finance minister to implement an increase of \$5 per tonne per year in the carbon tax, beginning April 1, 2018, to meet the federal government's carbon-pricing mandate.

"With the nature of a multibillion investment decision that Petronas faced, they made that decision and did the research to support that decision long before they knew who would be in government in B.C. and the taxes we would be levying," Mr. Heyman said. "An additional five dollars per tonne is not the make or break issue here."

However, James Tansey, a business professor at the University of British Columbia, said it is reasonable to conclude that politics led to Petronas' decision, noting that no other obvious factors beyond the arrival of the NDP in power can explain the timing of the company's decision.

"The reality is the only real change in circumstance in B.C. has been the change in government," Mr. Tansey said in an interview. "It may have been the final straw for them."

He said he expects market conditions might delay other proponents' decisions on whether to invest in LNG in B.C. for at least three to five years. "In the short term, everyone should assume the major companies will delay," he said.

Still, some said on Wednesday they are forging on with their assessments of proposed B.C. projects, regardless of the Petronas decision.

David Keane, president and CEO of the British Columbia LNG Alliance, which represents seven projects, said members remain committed to their B.C. projects, "and are focused on reducing their costs in order to compete in a global LNG market and to attract the necessary capital investment to reach final investment decisions."

In a statement, he said alliance projects can meet NDP conditions, that he looks forward to working with the new government and that he had a "positive conversation" on Tuesday with Ms. Mungall.

Aaron Stryk, speaking for the Exxon Mobil Corporation, said in a statement that the company continues to evaluate a potential LNG project in Western Canada. "A final investment condition, which is not anticipated in the near term, will be based on a range of factors..." Mr. Stryk said in a statement.

Still, Mr. Heyman on Wednesday repeated the skepticism that the New Democrats expressed during the spring provincial election campaign about Liberal claims of LNG's potential.

"I don't think it's helped the B.C. economy to have a single-minded focus on LNG when there were far greater opportunities and proponents of those opportunities in the technology area in manufacturing and adding value to our resources that could barely get in the door of our last government."

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